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SECURITY ASSISTANCE TO SAUDI ARABIA:
SHOULD THE UNITED STATES PROVIDE AIRCRAFT REPLACEMENTS?

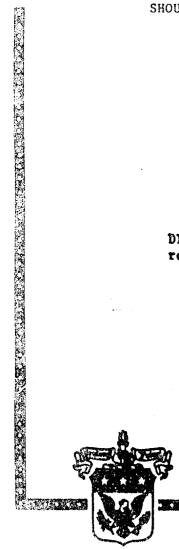
BY

COLONEL GENE L. MILLER, ADA

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### USAWC MILITARY STUDIES PROGRAM PAPER

SECURITY ASSISTANCE TO SAUDI ARABIA:
SHOULD THE UNITED STATES PROVIDE AIRCRAFT REPLACEMENTS?

AN INDIVIDUAL STUDY PROJECT

by

Colonel Gene L. Miller, ADA

Lieutenant Colonel(P) J. P. Englehardt Project Adviser

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### ABSTRACT

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This paper contains a review of Saudi Arabian military relations with the United States and the resultant purchase of Tornado aircraft from Britain versus the United States F-15. An examination of the Tornado sale and risks accepted by the United States, Saudi Arabia, and Israel is also included. This paper then concludes that the future sale of aircraft to Saudi Arabia is in the United States' interest because it generates significant income, jobs and enhances potential contingency operations. It is in the interest of Israel's security because the Saudis will buy elsewhere if the United States refuses, and the aircraft will come with more capabilities and less employment restraints than if purchased from the United States.

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# SECURITY ASSISTANCE TO SAUDI ARABIA: SHOULD THE UNITED STATES PROVIDE AIRCRAFT REPLACEMENTS?

### CHAPTER I

#### INTRODUCTION

Security assistance has been one of the United States' principal and most effective instruments of foreign policy and defense for over 40 years. Past administrations have recognized the role security assistance plays in gaining a foothold in unstable areas of the world. This is not to say everyone in and outside of government agrees with it. As the budget shrinks each year, so does public support for security assistance programs which are regularly the object of criticism. The facts are that, historically, security assistance programs do not constitute a large proportion of the Department of Defense or federal budget. In using this program, the United States strengthens its strategic defense around the world and assists allies and friends. It is not the goal of U.S. security assistance to arm a country for aggressive action but to provide the means for the country to defend itself against external aggression and conflict. This has been the past and is the present goal of United States assistance to Saudi Arabia.

#### IHAPIER II

# REVIEW OF U.S. -SAUDI RELATIONS

The relationship between Saudi Arabia and the United States has existed for over 50 years. During most of these years only a handful of American people were vaguely interested in the country, these being the oil companies and military planners. This all changed very rapidly during and after the Arab-Israeli War of 1973 and the oil embargo following that war.

Official military relations with Saudi Arabia began in 1943 when the United States declared Saudi Arabia eligible for Lend-Lease aid. Interesting to note is a phrase used in the letter from Secretary of State Hull to the Lend-Lease administrator justifying the aid: "Furthermore, the Army may at any time wish to obtain extensive air facilities in Saudi Arabia." For the next two decades the air base at Dhahran and United States basing rights there would be the foundation for U.S.-Saudi relations.

During one of the many renegotiations for the airfield, the groundwork was laid for the creation of the United States Military Training Mission (USMTM). The military training mission became and remains today the main instrument used for conducting U.S. military relations with Saudi Arabia.

Soon after the establishment of USMTM, King Abd al-Aziz died and his son, Saud bin Abd al-Aziz, was crowned king. This began a new era between Saudi Arabia and the United States. Saudi Arabia was beginning to feel the wealth that their oil was bringing in and had established a Saudi-Egyptian pact. For 8 years the Saudis

played the United States against the Egyptians and vice-versa. was during this period that protests by the American Jewish community caused a suspension on shipment of tanks to Saudi Arabia, the first of many roadblocks to follow. Although the tanks were eventually shipped, the "pro-Israel lobby" against shipment of arms to Saudi had already taken shape. As the Egyptians fell out of favor in 1957 when they shifted to the Soviets for support, a new agreement was signed for use of the Dhahran airfield to include a grant for military aid up to \$45 million. 3 This stabilized United States and Saudi military relations but drew criticism from many Arab states. With the introduction of intercontinental ballistic missiles into the United States strategic arsenal, a worldwide string of airfields became less important strategically, and in 1962 the United States and Saudi formally announced the end to United States base rights at Dhahran.

The period from 1962 to 1973 saw the assistance grow from the United States to the Saudis. In 1962 the outbreak of the Yemeni Civil War caused the Saudi leadership to rethink their need for a modern military force. In 1963 the Saudis and USMTM developed a military reorganization plan called the Armed Forces Defense Plan. Although this plan addressed the buildup of the Army, it did not address the creation of a modern air force. The effort to correct this deficiency resulted in "the worst single failure in Saudi's military modernization efforts and perhaps the most damaging single U.S. mismanagement of a major military sale to any

developing country."<sup>4</sup> The deal was a three-cornered (U.S./Britain/Saudi) U.S. arrangement to aid Britain in the purchase of U.S. F-111s. The Saudis received an air defense package including planes and radars from Britain, and missiles from the U.S. The British part of the package was never very successful. The Saudis in the end had been persuaded to buy British planes they did not want, to allow Britain to pay for American planes they could not afford. The cost to the Saudis was \$400 million for an air defense program that never worked, and the British cancelled the F-111 purchase.

But in October 1973, relations between Saudi and the United States bottomed out again with the Yom Kippor War. The oil weapon was used but to no avail, and through diplomatic dealings, Saudi and American relations were back on track in 1974. Arms purchases between the U.S. and Saudi hit a high in 1976 with the U.S. Congress approving sales of jet fighters, air defense missiles, and tanks to the tune of \$4 billion. As not to display a tooclose association with the United States, purchases were also made from France, Britain, and West Germany. All the time, the Saudis observed the massive U.S. aid to Israel. It was also during this period that the United States sent conflicting signals to the Saudis. Even while one sale of weapons was approved for sale, another proposed sale of 650 Maverick air-to-surface missiles was disapproved by the Foreign Relations Committee. United States credibility was being questioned by the Saudi ruling family. There was a perception by many that the United States did not have the ability to aid its Middle East friends (or others)

package that would sell in Congress. The package included F-15s that not only would be made available to Saudi Arabia but also to Egypt and Israel. The offer was a hit with the Saudis, and the Carter administration maneuvered the Senate into a favorable 55 to 44 vote in 1978. But, as is normal in the Middle East, the pendulum of friendship started a backward swing. The Saudis were skeptical of the Camp David Accords and relations were further degraded with the departure of the Shah from Iran in 1979.

In September of 1980 the Iran-Iraq War started and, along with the Soviet invasion of Afghanistan in 1979, added instability to the area. The U.S. administration viewed four requirements to reestablish a reasonable degree of stability in the region:

- Strengthen Saudi Arabia so it could defend itself;
- Continue to try to solve the Arab-Israeli conflict;
- Strengthen Egypt militarily and economically; and finally,
- Find a way to accomplish the above without the countries feeling threatened by individual programs within each country. 8

Out of the four, the most important strategically to the United States was ensuring the security of Saudi Arabia. The United States continued to view Saudi Arabia as a key to stabilizing the area. Although the others were important, no policy for the area would be considered that did not protect Saudi Arabia, now the West's key source of oil supply.

By coincidence, General David Jones, Chairman of the Joint Chiefs of Staff, was visiting Saudi Arabia at the start of the Iran-Iraq War. A request was made for assistance, and within 24

hours three E-3A AWACS aircraft were on their way to support Saudi. This was soon followed by the announcement that the United States intended to sell a complete Air Defense enhancement package to the Saudis that included AWACS aircraft, air-to-air missiles and KC-135 tankers.

The proposed sale was immediately attacked by the Israeli Prime Minister. His major argument was that Israel's continued existence would depend upon maintaining a qualitative technological edge. President Reagan was very adamant about the sale. He stated that the sale would "ease Saudi apprehension about American willingness to bolster regional defenses and... provide advanced equipment in case American forces have to be sent into the region to fight a war." The Israeli Prime Minister's objections had reached many skeptical ears and there was major concern over the security of Israel if the Saudis employed these aircraft in an offensive rather than a defensive role. The pro-Israeli lobby, the American Israel Political Action Committee (AIPAC), made a concerted effort as to make it appear that a vote for the sale was the same as a vote against Israel.

The Saudis approached the sale with a "put your weapons where your mouth is" attitude. They made no promises of anything in return but perceived the proposed sale to be the principal test of United States resolve and political commitment to Saudi Arabia.

Senator Howard Baker had this to say, "If the United States cannot or will not deliver on this sale, which the Saudis regard as a firm commitment, the Saudis will question the larger security commitment." Only by direct involvement by the President on the

day of the vote in the Senate did it pass by a 52 to 48 vote.

President Reagan ensured that certain conditions would be met prior to the transfer. They were:

- Nontransfer of information collected by AWACS to other countries.
- The aircraft would not operate outside the borders of Saudi Arabia.
- AWACS classified intelligence gathering equipment would be safeguarded.  $^{11}$

The battle for the sale had generated extensive media coverage and the President had put his credibility on the line. As usual, the resulting publicity was not good for the United States relationship with Saudi Arabia. Even though the sale did not resolve any area conflicts or lead to an invitation to establish U.S. bases in Saudi Arabia, the acquisition did strengthen Saudi Arabia in the eyes of her neighbors. On the U.S. side, it increased U.S. presence and influence in the region through the influx of contractor personnel needed to support the U.S.-produced military equipment.

## **ENDNOTES**

- 1. David E. Long, <u>The United States and Saudi Arabia:</u>
  <u>Ambivalent Allies</u>, p. 33.
  - 2. Ibid.
  - 3. <u>Ibid.</u>, p. 39.
- 4. Anthony H. Cordesman, The Gulf and the Search for Strategic Stability, p. 123.
  - 5. Long, p. 46.

- 6. Ibid.
- 7. Cordesman, p. 271.
- 8. Anthony H. Cordesman, "The Changing Military Balance in the Gulf and Middle East," <u>Armed Forces Journal International</u>, September 1981, pp. 52.
- 9. John Felton, "Putting on the Brakes: A Traditional Option," Congressional Quarterly, 2 November 1985, pp. 2245.
- 10. Howard H. Baker, <u>A Senate Perspective on Spain and the Middle East:</u> A Report to the United States Senate, p. 8.
- 11. "Excerpts from Reagan Letter to Baker on AWACS," The New York Times, 29 October 1981, p. A3.

# CHAPTER III

# TORNADO SALE TO SAUDI ARABIA: WHO WON?

After the AWACS sale, the United States was not willing to support Saudi requests for new military equipment due to continuing congressional opposition. This did not stop the Saudis from continuing to press for assistance, and at one point the Saudis were led to believe a sale of aircraft was forthcoming. This was based on the fact that King Fahd thought he had received President Reagan's promise to support a \$2.8 billion sale of 40 F-15C/D with the Multi-Stage Improvement Program and eight reserve aircraft to be kept in the United States. The delivery date was to be in 1989-90. The Defense and State Department also believed the proposal would be made to Congress and prepared the case up to the date the President decided not to go ahead with it. Senior State Department officials were talking to the Saudis about the sale up to a week before the final decision was made not to proceed with it.

The reason for making the decision not to submit the proposal was readily apparent to the Saudis and other Arab embassies in Washington. The President had made the decision when pressure was put on him by senior Republican members of the Senate, including Senator Luger, the Chairman of the Senate Foreign Relations Committee. The Republicans believed the sale would lead to a punishing political debate during budget hearings and could possibly revive the hostile environment that the AWACS sale

Drought. This would damage Republic chances for control of the Senate in 1986. The politicians won out over the objections of both Secretary of State George Schultz and Secretary of Defense Gaspar Weinberger. There was no one in the administration who questioned the sales value from the viewpoint of national security; politics and the desire to avoid a fight with the pro-Israel lobbyists was the bottom line.

This thoroughly embarrassed Saudi Arabia and forced them to look elsewhere to fill the void; which they did with President Reagan's blessings. In September 1985, the Saudis and Britain agreed on a major aircraft deal. The purchase included 72 Tornado aircraft, 30 HAWK jet trainers, and a complete range of weapons, radar, spare parts, and a training program for the Saudi pilots.

Britain was elated with the Saudis offer to buy. Their air and defense electronics industries were facing massive shutdowns in the late 1980s without this sale. Not only did Britain gain \$4.5 billion in additional export but another \$2-4 billion was realized in support costs and other benefits.

Britain was willing to accept the task that they could actually provide the training and support necessary for Saudi Arabia to operate one of the world's most advanced fighter aircraft. Britain had not in the recent past undertaken such a large program. A secondary task that Britain was willing to accept was that they might be asked to fill the void that the United States could possibly leave as their military influence was eroded and ability to protect Europe's key source of oil was weakened. The United States had accounted for 100 percent of the

fighter aircraft of the Royal Saudi Air Force. With the purchase of the Tornados, this would fall to less than 40 percent.

Just what is the Tornado and what were the Saudis buying? It is manufactured by the British-German-Italian joint venture consortium Panavia. It is a two-seat, twin-engine, swing-wing aircraft somewhat smaller than the USAF F-111. It is produced in two versions, one for interdiction/strike (IDS) and the other for air defense (ADV), not equipped for strike capability. In contrast to the F-15 and F-16, the ADV is not an air superiority fighter designed for dogfighting with guns and short-range infrared missiles. Rather, the ADV is designed as an interceptor intended for long-range detection and missile engagements and not for short-range maneuvering combat. The bottom line is that it has been described as an "overwhelmingly offensive" aircraft when compared to the F-15.

When questioned on what the likely effect of the British arms sale to the Saudi Arabia would mean to U.S. marketing efforts, U.S.-Saudi relations and the Middle East military balance, Mr. Richard Armitage, Assistant Secretary of Defense answered:

In my view there are four principal outcomes resulting from the replacement of the U.S. by other suppliers in major arms transactions with moderate, pro-Western Arab states.

- Israeli "worst case" contingency planning becomes complicated by the delivery and deployment of advanced systems (aircraft and missiles) over which the United States has no residual control in terms of basing, configuration, and follow-on support.
- The United States loses political influence with moderate Arab states when a third party assumes the role of principal supplier of defense equipment.

- U.S. contingency planning, based as it is on the necessity of regional friends to take the lead in their own self-defense, becomes complicated by the loss of systems interoperability.
- The loss of income and jobs to U.S. industry and American labor is a gratuitous, self-inflicted wound which has absolutely no compensatory aspects.

On the surface the Tornado sale appears to be a \$4 to \$8 billion loss to the U.S. economy. In reality the sale has cost the U.S. considerably more. By July 1988 the Saudis and Britain had agreed to an additional deal including 48 more Tornados, 50-60 HAWK trainers, 80 helicopters and 4 to 6 mine hunters. It was estimated the deal was worth between \$30 to \$34 billion. If the U.S. had not been reluctant to continue to provide Saudi with assistance, a substantial portion of \$30 to \$40 billion would be entering the American economy. Considering that each \$35,000 of direct income generates a man-year of U.S. labor, this amounts to the loss of over 1.4 million U.S. man-years of direct employment.

Other than the billions of dollars involved in the Tornado deal, what else was involved? A review of the other three countries (Britain has already been discussed) and risks involved by the sale is in order.

What did the loss of the sale mean to the United States? The biggest loss, strategically versus dollars, will be the setback of the U.S. military relations with Saudi Arabia and the possible loss of base use, equipment, and the interoperability of these. Additionally, the timing of the announcement that there would be no sale of F-15s to the Saudis was not good. Within days after the United States rejected the F-15 sale, there were leaks from a

classified U.S. study that mentioned that Saudi Arabia had made a secret agreement for U.S. contingency use of Saudi bases. This undercut Saudi trust in the United States, and other moderate Arab countries were again questioning U.S. intentions in the mid-East. The loss of Saudi Arabia as an operations base for contingency purposes could be disastrous.

There never has been a question as to the importance of the use of Saudi bases to project U.S. power in the area if necessary. Even though the politics of the area has prevented Saudi Arabia from openly granting the use of bases without a clear threat to the area, there has been a mutual understanding between the U.S. and Saudi governments. Additionally, Saudi defense planners include USCENTCOM's capabilities to reinforce as one of their major reinforcement planning factors. Presently the capability for Saudi and the United States to conduct combined operations is enhanced because of the large numbers of U.S. systems in the Saudi inventory to include command, control, communications and intelligence systems, and support facilities. As the Saudis replace the present U.S. equipment and systems, as they did with the Tornado sale, this capability will decrease.

If the Saudis had been successful in buying the F-15s, they would have in all probability further developed and equipped a network of bases in the Gulf (Riyadah and Dhahran) and along the Red Sea area (Taif, Khamis Mushayt, Jiddah, and Tabuk). These bases would have allowed U.S. fighters to deploy in the Gulf region within 48 to 72 hours. This is not to say the access to these bases have been lost presently, but the possibility is there

In the future. The use of these bases are irritically important for USCENTCOM and its mission. Additionally, Saudi Arabia has some of the most advanced haval facilities and ground support bases in the area, another must for USCENTCOM. Considering that the only permanent active U.S. base in the Gulf and Indian Ocean is the British-owned island of Diego Garcia, one realizes that access to the Saudi bases are pivotal to the defense of the Gulf, the Red Sea and other moderate countries in the area.

Saudi Arabia accepted very little actual risk when the decision was made to buy the Tornados from Britain. On the negative side, Saudi Arabia had to trust Britain's capability to provide the support it needed even though Britain lacked the United States' experience in managing large scale military assistance programs. Probably more significant was that the Saudis were running the risk of losing the full military assistance the U.S. could provide in an emergency. In addition, to provide full emergency reinforcement assistance to the Saudis, the United States is dependent on how interoperable the Saudi bases and forces are, and U.S. interoperability would be severely degraded with the majority of the Saudi air force consisting of British aircraft.

However, on the positive side, the Saudis would not experience any near-term loss in U.S. reinforcement capabilities until the late 1980s and early 1990s, when the additional U.S. F-15s would have been delivered. Saudi received major offsetting benefits in return. They will be receiving a total of 72 first-line British fighters, rather than 40 U.S. F-15s, and the option

to buy more British fighters without the constraints that would come with a U.S. purchase. Additionally, the Saudis are receiving an advanced attack mission capability with 48 of the Tornados, something they had not been able to get from the United States. Britain was also willing to sell many more high technology weapons, including smart submunitions under development. Finally, the Saudis will receive the aircraft 2 to 4 years earlier than they would have received the F-15s, and they will be able to locate them in the Kingdom wherever they like. They would have had to place the F-15s basically where the United States believed was not a threat to Israel.

Lastly, was the rejection of the sale of the F-15s and purchase of the Tornados really in the best interests of Israel? Balancing the operational capabilities of the F-15 package versus the Tornado package, the answer has to be no. First there is just the numbers, 72 Tornados and 30 HAWKS are being acquired in lieu of 40 F-15s. Second is the timing of the delivery, the Tornados are being delivered 4 years before the F-15s would have been. Third is the question of control. With the sale of the F-15s would have come U.S. control of related munitions and technology. The United States could withhold some technology from the Saudis and sell it to the Israelis if pressed. This would ensure that Israel continued to have the edge in protecting itself. Britain has traditionally not exercised this type of control. Fourth, the attack capabilities are greatly enhanced with the Tornados. The United States and Saudi had an informal agreement that U.S. F-15s would not be positioned at Tabuk, the

only operating Saudi air base near Israel. No such agreement comes with the Tornados; in all probability they will be based there. This will require Israel defense planners to guard against this possibility and weaken Israel directly in a future war.

The next chapter takes a brief look at the situation as it is now developing. If the United States does not act soon, there could be a repeat of the Tornado sale.

### ENDNOTES

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- 4. Richard L. Armitage, News Conference, Washington, DC, 13 July 1988.
- 5. Susan Rasky, "Britain Signs Deal With Saudis, Replacing U.S. as Big Arms Supplier," <u>The New York Times</u>, 9 July 1988, p. 17.
- 6. William D. Bajusz and David Louschet, <u>The Domestic</u>
  <u>Economic Impact of Restricted Military Sales to the Middle East</u>, p. 55.
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#### CHAPTER IV

FUTURE AIRCRAFT SALES TO SAUDI ARABIA: HOW? COSTS? CONCLUSIONS

The Royal Saudi Air Force (RSAF) has indicated its intentions in the near future to make a replacement decision on the 114 F-5 aircraft currently in its inventory. These aircraft were purchased from the United States in the early 1970s and have just about come to the end of their useful life. Some F-5s will need to be replaced as early as 1991-1993 with replacement aircraft entering the force through 1997-1998.

In early 1989, Prince Bandar, Saudi Arabian Ambassador to the United States, made low-key inquiries into the availability of U.S. planes to replace the F-5s. It appears that both the RSAF and Saudi government would prefer an American aircraft. However, the Saudis have also considered Britain and France to provide the replacements. The willingness to hold open the possibility of a supplier other than the United States of course stems from past problems to get approval from Congress.

How does the United States reverse this trend on not selling aircraft to Saudi Arabia? The first thing that has to be done is to amend the National Defense Authorization Act (1989) that limits the number of F-15s in Saudi. Specifically, it states "Saudi Arabia shall not possess more than 60 F-15 aircraft at any one time." To do this will require complete endorsement by the President, State Department, and key congressional leaders.

Step two is encouraging RSAF to purchase U.S. follow-on aircraft. This step is relatively simple, there is already strong support in the RSAF for U.S. aircraft purchases. This is evident in the British Tornado purchase; a provision in the contract that allows RSAF to purchase F-15s instead of Tornados if the U.S. allows the purchase. 2

The third step involves offering the RSAF a suitable replacement for the F-5, perhaps a custom tailored aircraft. The RSAF's natural choice would be the F-15. It offers commonality with many of their present aircraft, facilities, logistics and operational use. Whatever aircraft the Saudis and United States agreed on would have to be approved by Congress.

The last step in this process would be Congress's approval; a very big step and maybe impossible. Two possible ways to approach Congress would be to explain the economic gains and security aspects of a sale.

There is growing appreciation that economic issues should be given some consideration in United States decisions in security assistance matters. There appears to have been considerations of the economic impact prior to the approval of the sale to the Saudis of 300 M-1 Abrams tanks. With lean years ahead for many defense contractors, one could expect this trend to continue. The dollars that would be generated by the United States economy if the U.S. were allowed to replace the Saudis F-5s are very large. If the Saudis would decide on the F-15 as a replacement, it is estimated that the deal would be worth over \$5.7 billion. Additionally, if the Saudis were to buy F-15s, there is always the

possibility other Middle East countries might follow. It is estimated that just adding Jordan to the equation of possible aircraft sales could mean an additional \$8.54 - \$18.25 billion (or between 300,000 and 640,000 man-years of U.S. direct employment) through the year 2000. This potential gain is presently at risk for not only defense contractors but their surrounding communities. Additionally, aircraft purchases by other countries reduce USAF aircraft costs and maintain the U.S. industrial base.

If the possible economic gain (or loss ) doesn't sway any votes in Congress, then the fact that Israel's security will be further eroded should. One of Congress' major objections to sales of aircraft to Saudi is the belief that attainment of superior military equipment will pose an unacceptable threat to the existence of Israel. Saudi has clearly demonstrated with the Tornado purchase that they are willing to look elsewhere for weapon systems. As was stated earlier, the Tornados came with no control and limitations on its use or deployment. Past U.S. refusal to sell weapons has also caused Saudi Arabia to deal secretly with a communist country, which they did to purchase long-range surface-to-surface missiles from China when the U.S. refused to sell shorter-range missiles. Clearly, the purchase of the British Tornados and Chinese CSS-2 missiles were not in Israel's interest, nor the United States.

It has been shown that the relationship between the United States and Saudi Arabia has been a rocky one. It has been one that has been exasperated by the U.S. Congress' action to deny,

delay, or reduce efforts by the Saudis to purchase U.S. weapon systems, especially, aircraft. Economically, this has deprived the U.S. of a major boost in its balance of trade and hundreds of thousands of jobs. Militarily, the U.S. has lost the opportunity to increase the ability of American military forces to use Saudi logistical and maintenance support systems in a crisis. This has been done in the interest of "Israeli security" when, in fact, it is clear that Israeli securit; was a loser, too.

It is time for Congress to relook its policy toward Saudi Arabia and reestablish the political and military relationship that benefitted both countries in the past.

#### ENDNOTES

- 1. "Public Law 100-456," in <u>United States Code Congressional</u> and <u>Administrative News</u>, 1988, Vol. 2, pp. 2062.
- 2. Interview with Robert E. Ryals, LTC, USAF Directorate of Arabian Programs, Washington, 12 January 1990.
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  - 4. <u>Ibid.</u>, p. 83.

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